Pennsylvania
DEPARTMENT OF PUBLIC WELFARE

Overview of Pennsylvania Medicaid's Quality Initiatives

Jim Hardy

Presentation to the President's Commission on Medicaid Reform

Overview of Pennsylvania Medicaid Program

- **Over 1.8 million Pennsylvania consumers receive their health care benefits through Medicaid – 14% of the population**
- **Annual budget (total funds) – $14.5 billion**
- **We are the largest health care insurer in the Commonwealth**
- **1.2 million consumers are enrolled in capitated managed care**
- **284,000 are enrolled in Access Plus – an enhanced primary care case management program (“EPCCM”)**
- **266,000 dual eligibles**

Goals of Quality Focused Initiatives

- **Focus contractors and providers on improving health status of consumers**
  - Capitated Managed Care Organizations (MCOs)
  - EPCCM vendor
  - Physicians
  - Hospitals
- **Pay for the right services at the right price**
  - Make sure payment systems encourage desired behavior
  - Make sure we know what we are paying for

Capitated Managed Care Incentives

- **Already robust HEDIS reporting and measurement system**
- **Incentive measures picked by each MCO and State together**
  - can earn up to 1% percent of premium
- **Focus on key measures that are important for long term health status improvement but may not have strong short term ROIs**

Enhanced Primary Care Case Management Incentives

- **EPCCM (Access Plus) vendor**
  - Up to 5% can be earned as a bonus or lost through penalties based on performance measures focused on creating meaningful medical homes
    - Reduced ER visits
    - Well Care visits
    - Prenatal visits
    - EPSDT screens
    - Cancer screens
  - Up to 20% bonus can be earned (or a 40% penalty can be assessed) if disease management (DM) programs effectively manage costs

Physician Incentives

- **Inside of Access Plus Program**
  - Eliminated case management PMPM and used funds to increase office visit rates
  - Instituted Pay for Performance program to encourage physicians to actively engage in DM programs
    - Three tiers
      - First two tiers are “pay for participation” measures
      - Third tier focused on clinical activity and compliance

Hospital Incentives

- **Instituted hospital quality incentive pilot**
  - Rate of payment increases for DSH hospitals tied to performance measures focused on:
    - Re-admission rates for chronic disease
    - Clinical indicators
    - Commitment to EMR, pharmacy error reduction and quality reporting
  - $1 million grant program to promote quality related technology programs

- **Moving to new inpatient payment system**
  - Old system based on Medicare DRGs
  - Infrequently updated
  - New system – APR DRGs using PA Medicaid data to severity adjust
  - Supplemental payments will be revised to balance system

Key Areas of Future Focus

- **Create better incentives for effective management of behavioral and physical health co-morbidities**
  - 30% of physical health DM consumers have BH co-morbidity
- **Create incentive strategy for MCOs and EPCCM to focus on childhood obesity and smoking cessation**
  - Capitation does not create long term rewards for these programs because benefits will most likely be seen after member has left the MCO
- **“Work” impact of hospital acquired infections out of hospital payment system**
  - Looking at CMS model
  - Also examining other options

Conclusions / Lessons Learned

- **Quality/ P4P initiatives need to tie into each other in order to be effective**
- **Focus Medicaid specific initiatives where Medicaid is a significant payer**
- **While there is a value for "piggy backing" with other payer initiatives, Medicaid has different issues that require focused strategies**
- **Use common data sets where possible even while creating Medicaid focused initiatives**
- **Need more national focus on important role Medicaid can have on improving quality and long term health status**
  - We are a big payer
  - We need to be market leaders in quality